

An amendment offered by Rep. Peter Welch requiring the Secretary of Health and Human Services (HHS) to negotiate prescription drug prices for seniors passed the Energy and Commerce Committee Friday evening. The vote was 32 to 23.

Welch's measure amends America's Affordable Health Choices Act (H.R. 3200), comprehensive health care reform legislation that could be passed by the committee later Friday. The amendment will cut prescription drug prices for Medicare Part D participants by requiring HHS to negotiate directly with pharmaceutical companies.

"Seniors are paying far too much for prescription drugs they need, while taxpayers are not getting the best bang for their buck," Welch said. "This common sense provision will save billions of dollars simply by requiring the federal government to take advantage of its enormous purchasing power."

The Welch amendment recognizes the success the Veterans Administration and other federal health care programs have found in using their enormous purchasing power to lower prices. It also builds on the state of Vermont's success in buying prescription drugs at bulk rates.

A 2007 study conducted by Families USA found that the top five Medicare Part D insurers charged substantially more for the 20 drugs most commonly prescribed to seniors compared with the Veterans Administration, which negotiates directly with pharmaceutical companies. The median price difference was 58 percent.

In 2004 Congress barred HHS from negotiating Medicare Part D prices directly with pharmaceutical companies. One of Welch's first votes after taking office in January 2007 was to reverse that decision. While that bill - the Medicare Prescription Drug Price Negotiation Act (H.R. 4) - passed the House by an overwhelming majority, it failed to pass in the Senate.

A 2008 Oversight and Government Reform Committee report found that Medicare Part D insurers pay significantly higher prices for prescription drugs than does Medicaid. It found that taxpayers, who pay for three-quarters of the cost of Medicare, could save \$156 billion if the program secured prices equivalent to the Medicaid program through negotiation.